Commonwealth of Kentucky
Energy and Environment Cabinet
Department for Environmental Protection
Division for Air Quality
200 Fair Oaks Lane, 1st Floor
Frankfort, Kentucky 40601
(502) 564-3999

AIR QUALITY PERMIT
Issued under 401 KAR 52:040

Permittee Name:	**AEP Industries Inc.**
Mailing Address:	**125 Phillips Avenue, South Hackensack, NJ 07606**
Source Name:	**AEP Industries Inc.**
Mailing Address:	**125 Phillips Avenue, South Hackensack, NJ 07606**
Source Location:	**101 Etter Drive, Nicholasville, KY 40356**
Permit ID:	**S-06-166 R1**
Agency Interest #:	**2277**
Activity ID:	**APE20080001**
Review Type:	**State-origin**
Source ID:	**21-113-00023**
Regional Office:	**Frankfort Regional Office 643 Teton Trail, Suite B Frankfort, KY 40601-1758 (502) 564-3358**
County:	**Jessamine**
Application Complete Date:	**August 18, 2006**
Issuance Date:	**September 22, 2006**
Revision Date:	**December 23, 2008**
Expiration Date:	**September 22, 2016**

E-signed by John S. Lyons

John S. Lyons, Director
Division for Air Quality

Revised 05/07/07

SECTION A - PERMIT AUTHORIZATION

Pursuant to a duly submitted application the Kentucky Division for Air Quality hereby authorizes the construction and operation of the equipment described herein in accordance with the terms and conditions of this permit. This permit has been issued under the provisions of Kentucky Revised Statutes Chapter 224 and regulations promulgated pursuant thereto.

The permittee shall not construct, reconstruct, or modify any affected facilities without first submitting a complete application and receiving a permit for the planned activity from the permitting authority, except as provided in this permit or in 401 KAR 52:040, State-origin permits.

Issuance of this permit does not relieve the permittee from the responsibility of obtaining other permits, licenses, or approvals that may be required by the Cabinet or other federal, state, or local agencies.

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS

01 (1a) ***Railcar unloader***

Description:
Vacuum pump – 765 cfm
5,000 lb/hr throughput capacity
Construction commenced – December, 1984
PM emission control - Fabric Filter
Control Efficiency - 99.925%

02 (2a) ***Railcar unloader***

Description:
Vacuum pump – 148 cfm
20,000 lb/hr throughput capacity
Construction commenced – January, 2001
PM emission control - Fabric Filter
Control Efficiency - 99.925%

03 (3a) ***Silo unloader for 3 cast film extruders – Line 6***

Description:
1,740 lb/hr combined throughput capacity
Construction commenced – December, 1984
PM emission control – Fabric Filter
Control Efficiency - 99.925%

04 (3b) ***Silo unloader for 2 cast film extruders – Line 7***

Description:
1,408 lb/hr combined throughput capacity
Construction commenced – December, 1984
PM emission control – Fabric Filter
Control Efficiency - 99.925%

05 (3c) ***Silo unloader for 2 cast film extruders – Line 8***

Description:
1,300 lb/hr combined throughput capacity
Construction commenced – December, 1984
PM emission control – Fabric Filter
Control Efficiency - 99.925%

06 (3d) ***Silo unloader for 2 cast film extruders – Line 9***

Description:
1,075 lb/hr combined throughput capacity
Construction commenced – March, 1986
PM emission control – Fabric Filter
Control Efficiency - 99.925%

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

07 (3e) ***Silo unloader for 4 cast film extruders – Line 15***

Description:
1,355 lb/hr combined throughput capacity
Construction commenced – March, 1987
PM emission control – Fabric Filter
Control Efficiency - 99.925%

08 (3f) ***Silo unloader for 2 blown film extruders – Line 11***

Description:
703 lb/hr combined throughput capacity
Construction commenced – March, 1987
PM emission control – Fabric Filter
Control Efficiency - 99.925%

09 (Pelletizer) ***Combined cyclone conveyors for pelletizer***

Description:
1,000 lb/hr combined throughput capacity
Construction commenced – April, 1996
PM emission control – Fabric Filter
Control Efficiency - 99.925%

10 (3g) ***Silo unloader for 2 cast film extruders – Line 2***

Description:
918 lb/hr combined throughput capacity
Construction commenced – December, 1988
PM emission control – Fabric Filter
Control Efficiency - 99.925%

11 (11) ***Silo unloader for 3 cast film extruders – Line 19***

Description:
2,374 lb/hr combined throughput capacity
Construction commenced – June, 1994
PM emission control – Fabric Filter
Control Efficiency - 99.925%

12 (1b) ***Railcar unloader***

Description:
Vacuum pump – 765 cfm
5,000 lb/hr throughput capacity
Construction commenced – December, 1984
PM emission control - Fabric Filter
Control Efficiency - 99.925%

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

APPLICABLE REGULATION:

401 KAR 59:010, *New process operations*, applies to emission points constructed on or after July 2, 1975

1. Operating Limitations: N/A

2. Emission Limitations:

a. Pursuant to 401 KAR 59:010, Section 3(2), particulate emissions shall not exceed 2.34 lbs/hr for emission points 08 (3f), 09 (Pelletizer), and 10 (3g). For emission points 01 (1a), 02 (2a), 03 (3a), 04 (3b), 05 (3c), 06 (3d), 07 (3e), 11 (11), and 12 (1b), particulate emissions shall not exceed an emission rate as determined by the formula $E=3.59P^{0.62}$, where E equals the rate of emission in lb/hr and P equals the process weight rate in tons/hr.

b. Pursuant to 401 KAR 59:010, Section 3(1), the opacity of visible emissions shall not equal or exceed twenty (20) percent for each unit.

Compliance Demonstration Method:

a. Compliance with the PM limits is demonstrated based on the following parameters:

Emission Point	Description	Maximum Operating Rate (tons/hr)	Emission Factor (lb/ton)	Maximum Uncontrolled Emissions (lb/hr)	Allowable Emissions (lb/hr)
01	Railcar Unloader 1a	2.5	0.8	2.0	6.34
02	Railcar Unloader 2a	10.0	0.8	8.0	14.97
03	Silo Unloader 3a	0.87	0.8	0.696	3.29
04	Silo Unloader 3b	0.704	0.8	0.5632	2.89
05	Silo Unloader 3c	0.65	0.8	0.52	2.75
06	Silo Unloader 3d	0.5375	0.8	0.43	2.44
07	Silo Unloader 3e	0.6775	0.8	0.542	2.82
08	Silo Unloader 3f	0.3515	0.8	0.2812	2.34
09	Pellitizer cyclones	0.5	0.8	0.4	2.34
10	Silo Unloader 3g	0.459	0.8	0.3672	2.34
11	Silo Unloader 11	1.187	0.8	0.9496	3.99
12	Railcar Unloader 1b	2.5	0.8	2.0	6.34

b. For compliance with the visible emission limitation, refer to 4. Monitoring Requirements and 5. Recordkeeping Requirements.

3. Testing Requirements: N/A

4. Monitoring Requirements:

In order to demonstrate compliance with 401 KAR 59:010, the permittee shall perform weekly visual observations on each emission point when it is in operation. If emissions are observed, an EPA Method 9 test shall be performed.

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

5. Recordkeeping Requirements:
In order to demonstrate compliance with 401 KAR 59:010, Section 3(1), a record of weekly visual observations and any EPA Method 9 test performed shall be maintained.

6. Reporting Requirements: N/A

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

13 (3a) ***3 cast film extruders – Line 6***

Description: 1,740 lb/hr combined throughput capacity
Construction commenced – December, 1984

14 (3b) ***2 cast film extruders – Line 7***

Description: 1,408 lb/hr combined throughput capacity
Construction commenced – December, 1984

15 (3c) ***2 cast film extruders – Line 8***

Description: 1,300 lb/hr combined throughput capacity
Construction commenced – December, 1984

16 (3d) ***2 cast film extruders – Line 9***

Description: 1,075 lb/hr combined throughput capacity
Construction commenced – March, 1986

17 (3e) ***4 cast film extruders – Line 15***

Description: 1,355 lb/hr combined throughput capacity
Construction commenced – March, 1987

18 (3f) ***2 blown film extruders – Line 11***

Description: 703 lb/hr combined throughput capacity
Construction commenced – March, 1987

19 (Pelletizer) ***Pelletizer***

Description: 1,000 lb/hr throughput capacity
Construction commenced – April, 1996

20 (3g) ***2 cast film extruders – Line 2***

Description: 918 lb/hr combined throughput capacity
Construction commenced – December, 1988

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

21 (11) ***3 cast film extruders – Line 19***

Description: 2,374 lb/hr combined throughput capacity
Construction commenced – June, 1994

APPLICABLE REGULATIONS:

401 KAR 59:010, *New process operations*, applies to emission points constructed on or after July 2, 1975

401 KAR63:020, *Potentially hazardous matter or toxic substances*

1. Operating Limitations:

Pursuant to 401 KAR 63:020, Section 3, no owner or operator shall allow any affected facility to emit potentially hazardous matter or toxic substances in such quantities or duration as to be harmful to the health and welfare of humans, animals and plants.

2. Emission Limitations:

a. Pursuant to 401 KAR 59:010, Section 3(2), particulate emissions shall not exceed 2.34 lbs/hr for emission points 08 (3f), 09 (Pelletizer), and 10 (3g). For emission points 01 (1a), 02 (2a), 03 (3a), 04 (3b), 05 (3c), 06 (3d), 07 (3e), 11 (11), and 12 (1b), particulate emissions shall not exceed an emission rate as determined by the formula $E=3.59P^{0.62}$, where E equals the rate of emission in lb/hr and P equals the process weight rate in tons/hr.

b. Pursuant to 401 KAR 59:010, Section 3(1), the opacity of visible emissions shall not equal or exceed twenty (20) percent for each unit.

Compliance Demonstration Method:

a. Compliance with the PM limits is demonstrated based on the following parameters:

Emission Point	Description	Maximum Operating Rate (tons/hr)	Emission Factor (lb/ton)	Maximum Uncontrolled Emissions (lb/hr)	Allowable Emissions (lb/hr)
13	Extruder 3a	0.87	0.2732	0.2377	3.29
14	Extruder 3b	0.704	0.2732	0.192	2.89
15	Extruder 3c	0.65	0.2732	0.1776	2.75
16	Extruder 3d	0.5375	0.2732	0.1469	2.44
17	Extruder 3e	0.6775	0.2732	0.185	2.82
18	Extruder 3f	0.3515	0.2732	0.096	2.34
19	Pellitizer	0.5	0.2732	0.1366	2.34
20	Extruder 3g	0.459	0.2732	0.1254	2.34
21	Extruder 11	1.187	0.2732	0.3243	3.99

b. For compliance with the visible emission limitation, refer to 4. Monitoring Requirements and 5. Recordkeeping Requirements.

SECTION B - EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

3. Testing Requirements: N/A

4. Monitoring Requirements:
In order to demonstrate compliance with 401 KAR 59:010, the permittee shall perform weekly visual observations on each emission point when it is in operation. If emissions are observed, an EPA Method 9 test shall be performed.

5. Recordkeeping Requirements:
In order to demonstrate compliance with 401 KAR 59:010, Section 3(1), a record of weekly visual observations and any EPA Method 9 test performed shall be maintained.

6. Reporting Requirements: N/A

SECTION C - GENERAL CONDITIONS

A. Administrative Requirements

1. The permittee shall comply with all conditions of this permit. Noncompliance shall be a violation of 401 KAR 52:040, Section 3(1)(b) and is grounds for enforcement action including but not limited to the termination, revocation and reissuance, or revision of this permit.

2. This permit shall remain in effect for a fixed term of ten (10) years following the original date of issue. Permit expiration shall terminate the source's right to operate unless a timely and complete renewal application has been submitted to the Division at least six months prior to the expiration date of the permit. Upon a timely and complete submittal, the authorization to operate within the terms and conditions of this permit, including any permit shield, shall remain in effect beyond the expiration date, until the renewal permit is issued or denied by the Division. [401 KAR 52:040, Section 15]

3. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result of any legal or other action shall not invalidate any other portion or condition of this permit [Material incorporated by reference by 401 KAR 52:040, Section 1a, 11].

4. Pursuant to materials incorporated by reference by 401 KAR 52:040, this permit may be revised, revoked, reopened, reissued, or terminated for cause. The filing of a request by the permittee for any permit revision, revocation, reissuance, or termination, or of a notification of a planned change or anticipated noncompliance shall not stay any permit condition [Material incorporated by reference by 401 KAR 52:040, Section 1a, 4,5].

5. This permit does not convey property rights or exclusive privileges [Material incorporated by reference by 401 KAR 52:040, Section 1a, 8].

6. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance [401 KAR 52:040 Section 11(3)].

7. This permit shall be subject to suspension at any time the permittee fails to pay all fees within 90 days after notification as specified in 401 KAR 50:038, Air emissions fee. The permittee shall submit an annual emissions certification pursuant to 401 KAR 52:040, Section 20

B. Recordkeeping Requirements

1. Records of all required monitoring data and support information, including calibrations, maintenance records, and original strip chart recordings, and copies of all reports required by the Division for Air Quality, shall be retained by the permittee for a period of at least five years and shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality [401 KAR 52:040 Section 3(1)(f)].

SECTION C - GENERAL CONDITIONS (CONTINUED)

2. The permittee shall perform compliance certification and recordkeeping sufficient to assure compliance with the terms and conditions of the permit. Documents, including reports, shall be certified by a responsible official pursuant to 401 KAR 52:040, Section 21.

C. Reporting Requirements

1. a. In accordance with the provisions of 401 KAR 50:055, Section 1, the permittee shall notify the Regional Office listed on the front of this permit concerning startups, shutdowns, or malfunctions as follows:
   i. When emissions during any planned shutdowns and ensuing startups will exceed the standards, notification shall be made no later than three (3) days before the planned shutdown, or immediately following the decision to shut down, if the shutdown is due to events which could not have been foreseen three (3) days before the shutdown.
   ii. When emissions due to malfunctions, unplanned shutdowns and ensuing startups are or may be in excess of the standards, notification shall be made as promptly as possible by telephone (or other electronic media) and shall be submitted in writing upon request.

   b. The permittee shall promptly report deviations from permit requirements including those attributed to upset conditions (other than emission exceedances covered by Reporting Requirement condition 1. a. above), the probable cause of the deviation, and corrective or preventive measures taken; to the Regional Office listed on the front of this permit within 30 days. Other deviations from permit requirements shall be included in the semiannual report [Material incorporated by reference by 401 KAR 52:040, Section 5, 3].

2. The permittee shall furnish information requested by the Cabinet to determine if cause exists for modifying, revoking and reissuing, or terminating the permit; or to determine compliance with the permit [Material incorporated by reference by 401 KAR 52:040, Section 1a, 6].

3. Summary reports of monitoring required by this permit shall be submitted to the Regional Office listed on the front of this permit at least every six (6) months during the life of this permit. For emission units that were still under construction or which had not commenced operation at the end of the 6-month period covered by the report and are subject to monitoring requirements in this permit, the report shall indicate that no monitoring was performed during the previous six months because the emission unit was not in operation.

   The summary reports are due January 30th and July 30th of each year. All deviations from permit requirements shall be clearly identified in the reports. All reports shall be certified by a responsible official pursuant to 401 KAR 52:040, Section 21.

D. Inspections

1. In accordance with the requirements of 401 KAR 52:040, Section 3(1)(f) the permittee shall allow authorized representatives of the Cabinet to perform the following during reasonable

SECTION C - GENERAL CONDITIONS (CONTINUED)

times. Reasonable times are defined as during all hours of operation, during normal office hours; or during an emergency:

a. Enter upon the premises to inspect any facility, equipment (including air pollution control equipment), practice, or operation.

b. To access and copy any records required by the permit.

c. Inspect, at reasonable times, any facilities, equipment (including monitoring and pollution control equipment), practices, or operations required by the permit.

d. Sample or monitor, at reasonable times, substances or parameters to assure compliance with the permit or any applicable requirements.

E. Emergencies/Enforcement Provisions

1. The permittee shall not use as defense in an enforcement action, the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance [Material incorporated by reference by 401 KAR 52:040, Section 1a, 3].

2. An emergency shall constitute an affirmative defense to an action brought for the noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or relevant evidence that:
   a. An emergency occurred and the permittee can identify the cause of the emergency;
   b. The permitted facility was at the time being properly operated;
   c. During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and
   d. The permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two working days after the time when emission limitations were exceeded due to the emergency and included a description of the emergency, steps taken to mitigate emissions, and corrective actions taken.

3. Emergency provisions listed in General Condition E.2 are in addition to any emergency or upset provision contained in an applicable requirement [401 KAR 52:040, Section 22(1)].

4. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof. [401 KAR 52:040, Section 22(2)].

F. Compliance

1. Periodic testing or instrumental or non-instrumental monitoring, which may consist of record keeping, shall be performed to the extent necessary to yield reliable data for purposes of demonstration of continuing compliance with the conditions of this permit. For the purpose of demonstration of continuing compliance, the following guidelines shall be followed:

SECTION C - GENERAL CONDITIONS (CONTINUED)

a. Pursuant to 401 KAR 50:055, General compliance requirements, Section 2(5), all air pollution control equipment and all pollution control measures proposed by the application in response to which this permit is issued shall be in place, properly maintained, and in operation at any time an affected facility for which the equipment and measures are designed is operated, except as provided by 401 KAR 50:055, Section 1.
b. All the air pollution control systems shall be maintained regularly in accordance with good engineering practices and the recommendations of the respective manufacturers. A log shall be kept of all routine and nonroutine maintenance performed on each control device.
c. A log of the monthly raw material consumption and monthly production rates shall be kept available at the facility. Compliance with the emission limits may be demonstrated by computer program, spread sheets, calculations or performance tests as may be specified by the Division [401 KAR 50:055, Section 2].

2. Pursuant to 401 KAR 52:040, Section 19, the permittee shall certify compliance with the terms and conditions contained in this permit by January 30th of each year, by completing and returning a Compliance Certification Form (DEP 7007CC) (or an approved alternative) to the Regional Office listed on the front of this permit in accordance with the following requirements:
   a. Identification of the term or condition;
   b. Compliance status of each term or condition of the permit;
   c. Whether compliance was continuous or intermittent;
   d. The method used for determining the compliance status for the source, currently and over the reporting period, and
   e. For an emissions unit that was still under construction or which has not commenced operation at the end of the 12-month period covered by the annual compliance certification, the permittee shall indicate that the unit is under construction and that compliance with any applicable requirements will be demonstrated within the timeframes specified in the permit.
   f. The certification shall be postmarked by January 30th of each year. Annual compliance certifications shall be mailed to the following addresses:

Division for Air Quality Frankfort Regional Office 643 Teton Trail, Suite B Frankfort, KY 40601-1758	Division for Air Quality Central Files 200 Fair Oaks Lane, First Floor Frankfort, KY 40601-1403

3. Permit Shield - A permit shield shall not protect the owner or operator from enforcement actions for violating an applicable requirement prior to or at the time of permit issuance. Compliance with the conditions of this permit shall be considered compliance with all:
   (a) Applicable requirements that are included and specifically identified in this permit; or
   (b) Non-applicable requirements expressly identified in this permit [401 KAR 52:040, Section 11].

SECTION C - GENERAL CONDITIONS (CONTINUED)

G. Construction Requirements:

1. Pursuant to 401 KAR 52:040, Section 12(4)(a) and 401 KAR 59:005, General provisions, Section 3(1), within 30 days following construction commencement, within 15 days following start-up and attainment of maximum production rate, or within 15 days following the issuance date of this permit, whichever is later, the owner and/or operator of the affected facilities specified on this permit shall furnish to the Owensboro Regional Office, with a copy to the Division's Frankfort Central Office, the following:
   a. Date when construction commenced, (See General Condition G.1).
   b. Start-up date of each of the affected facilities listed on this permit.
   c. Date when maximum production rate was achieved, (See General Condition G.3.b).

2. a. Pursuant to 401 KAR 59:005, General provisions, Section 2(1), this permit shall allow operation for compliance demonstration of the affected facilities listed herein. However, within 60 days after the issuance date of this permit or the date of achieving the maximum production rate at which the affected facilities will be operated, whichever is later, but no later than 180 days after initial start-up of such facilities, or the issuance date of this permit, whichever is later, the owner or operator shall demonstrate compliance to a duly authorized representative of the Division.
   b. Pursuant to 401 KAR 50:045 Section 5 in order to demonstrate that a source is capable of complying with a standard at all times, a performance test shall be conducted under normal conditions that are representative of the source's operations and create the highest rate of emissions. If [When] the maximum production rate represents a source's highest emissions rate and a performance test is conducted at less than the maximum production rate, a source shall be limited to a production rate of no greater than 110 percent of the average production rate during the performance tests. If and when the facility is capable of operation at the rate specified in the application, the source may retest to demonstrate compliance at the new production rate. The Division for Air Quality may waive these requirement on a case-by-case basis if the source demonstrates to the Division's satisfaction that the source is in compliance with all applicable requirements.

3. Operation of the affected facilities authorized by this permit shall not commence until compliance with applicable standards specified herein has been demonstrated in accordance with the requirements of 401 KAR 52:040, Section 12(4)(b). Until compliance is demonstrated, the source may only operate for the purpose of demonstrating compliance.

SECTION D - INSIGNIFICANT ACTIVITIES

The following listed activities have been determined to be insignificant activities for this source pursuant to 401 KAR 52:040, Section 6. While these activities are designated as insignificant the permittee shall comply with the applicable regulation and any level of periodic monitoring specified below.

Description	Generally Applicable Regulation
1. Space Heater (104,000 Btu/hr)	*N/A*
2. Space Heater (104,000 Btu/hr)	*N/A*
3. Space Heater (300,000 Btu/hr)	*N/A*
4. Space Heater (104,000 Btu/hr)	*N/A*
5. Space Heater (96,250 Btu/hr)	*N/A*
6. Space Heater (96,250 Btu/hr)	*N/A*
7. Space Heater (200,000 Btu/hr)	*N/A*
8. Space Heater (200,000 Btu/hr)	*N/A*
9. Space Heater (104,000 Btu/hr)	*N/A*
10. Space Heater (320,000 Btu/hr)	*N/A*
11. Space Heater (80,000 Btu/hr)	*N/A*
12. Space Heater (160,000 Btu/hr)	*N/A*
13. Space Heater (240,000 Btu/hr)	*N/A*
14. Space Heater (60,000 Btu/hr)	*N/A*
15. Space Heater (80,000 Btu/hr)	*N/A*
16. Space Heater (80,000 Btu/hr)	*N/A*
17. Space Heater (300,000 Btu/hr)	*N/A*
18. Space Heater (320,000 Btu/hr)	*N/A*
19. Space Heater (32,000 Btu/hr)	*N/A*
20. Space Heater (104,000 Btu/hr)	*N/A*
21. Space Heater (1,000,000 Btu/hr)	*N/A*
22. Space Heater (320,000 Btu/hr)	*N/A*